HOME BANCORP, INC.
Form 10-Q
August 07, 2015
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended: June 30, 2015

or

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from __________ to __________

Commission File Number: 001-34190

HOME BANCORP, INC.

(Exact name of Registrant as specified in its charter)

Louisiana	**71-1051785**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**
503 Kaliste Saloom Road, Lafayette, Louisiana	**70508**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant s telephone number, including area code: (337) 237-1960

Not Applicable

(Former Name, Former Address and Former Fiscal Year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES x NO ¨

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer x
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ¨ NO x

At August 3, 2015, the registrant had 7,233,509 shares of common stock, $0.01 par value, outstanding.

Table of Contents

HOME BANCORP, INC. and SUBSIDIARY

TABLE OF CONTENTS

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	(Unaudited) June 30, 2015	(Audited) December 31, 2014
Assets		
Cash and cash equivalents	$ 30,227,762	$ 29,077,907
Interest-bearing deposits in banks	5,526,000	5,526,000
Investment securities available for sale, at fair value	178,078,713	174,800,516
Investment securities held to maturity (fair values of $14,542,696 and $11,889,335, respectively)	14,489,250	11,705,470
Mortgage loans held for sale	6,696,133	4,516,835
Loans, net of unearned income	915,552,159	908,967,871
Allowance for loan losses	(8,465,718)	(7,759,500)
Total loans, net of unearned income and allowance for loan losses	907,086,441	901,208,371
Office properties and equipment, net	36,623,001	37,964,714
Cash surrender value of bank-owned life insurance	19,419,577	19,163,110
Accrued interest receivable and other assets	36,659,756	37,451,687
Total Assets	$ 1,234,806,633	$ 1,221,414,610
Liabilities		
Deposits:		
Noninterest-bearing	$ 266,204,295	$ 267,660,145
Interest-bearing	764,767,559	725,912,448
Total deposits	1,030,971,854	993,572,593
Short-term Federal Home Loan Bank (FHLB) advances		31,000,000
Long-term Federal Home Loan Bank (FHLB) advances	19,000,000	16,500,000
Securities sold under repurchase agreements	20,036,905	20,370,892
Accrued interest payable and other liabilities	5,895,560	5,827,369
Total Liabilities	1,075,904,319	1,067,270,854
Shareholders Equity		
Preferred stock, $0.01 par value - 10,000,000 shares authorized; none issued		
Common stock, $0.01 par value - 40,000,000 shares authorized; 7,218,009 and 7,123,442 issued and outstanding, respectively	72,181	90,088
Additional paid-in capital	76,153,953	93,332,108
Treasury stock at cost - 0 and 1,885,303 shares, respectively [1]		(28,572,891)
Unallocated common stock held by:		

Employee Stock Ownership Plan (ESOP)	(4,731,210)	(4,909,750)
Recognition and Retention Plan (RRP)	(201,396)	(202,590)
Retained earnings	86,489,766	93,101,915
Accumulated other comprehensive income	1,119,020	1,304,876
Total Shareholders Equity	158,902,314	154,143,756
Total Liabilities and Shareholders Equity	$ 1,234,806,633	$ 1,221,414,610

(1) See Note 1 for details on the Louisiana Business Corporation Act.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

1

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Interest Income				
Loans, including fees	$ 12,620,586	$ 12,922,738	$ 24,981,549	$ 24,407,184
Investment securities	902,115	970,319	1,812,236	2,021,166
Other investments and deposits	65,319	46,522	99,071	77,680
Total interest income	13,588,020	13,939,579	26,892,856	26,506,030
Interest Expense				
Deposits	700,657	704,051	1,385,636	1,326,616
Securities sold under repurchase agreement	18,634	18,634	37,063	35,309
Short-term FHLB advances	63	33,581	6,133	69,242
Long-term FHLB advances	103,825	81,689	207,060	162,239
Total interest expense	823,179	837,955	1,635,892	1,593,406
Net interest income	12,764,841	13,101,624	25,256,964	24,912,624
Provision for loan losses	294,138	810,953	832,625	955,969
Net interest income after provision for loan losses	12,470,703	12,290,671	24,424,339	23,956,655
Noninterest Income				
Service fees and charges	954,545	976,977	1,846,664	1,773,070
Bank card fees	637,688	569,132	1,203,272	1,025,116
Gain on sale of loans, net	267,839	438,604	641,012	600,465
Income from bank-owned life insurance	124,108	115,193	256,467	225,834
Gain on sale of securities, net				1,826
Other income	54,641	152,240	170,089	281,814
Total noninterest income	2,038,821	2,252,146	4,117,504	3,908,125
Noninterest Expense				
Compensation and benefits	6,062,625	5,712,343	11,823,412	12,507,150
Occupancy	1,166,929	1,191,230	2,338,210	2,205,560
Marketing and advertising	112,654	244,218	222,982	451,459
Data processing and communication	915,140	1,060,231	1,858,472	2,432,054
Professional services	475,235	228,392	713,409	715,502

Forms, printing and supplies	133,028	201,299	277,838	363,220
Franchise and shares tax	147,272	184,385	294,544	368,771
Regulatory fees	296,942	255,662	577,409	484,039
Foreclosed assets, net	259,788	319,251	495,570	681,136
Other expenses	658,715	973,156	1,345,568	1,418,323
Total noninterest expense	10,228,328	10,370,167	19,947,414	21,627,214
Income before income tax expense	4,281,196	4,172,650	8,594,429	6,237,566
Income tax expense	1,441,359	1,420,025	2,906,828	2,051,485
Net Income	$ 2,839,837	$ 2,752,625	$ 5,687,601	$ 4,186,081
Earnings per share:				
Basic	$ 0.42	$ 0.42	$ 0.85	$ 0.64
Diluted	$ 0.41	$ 0.40	$ 0.82	$ 0.61
Cash dividends declared per common share	$ 0.07	$	$ 0.14	$

The accompanying Notes are an integral part of these Consolidated Financial Statements.

2

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Net Income	$ 2,839,837	$ 2,752,625	$ 5,687,601	$ 4,186,081
Other Comprehensive Income				
Unrealized gain (loss) on investment securities	$ (902,402)	$ 778,188	$ (285,933)	$ 1,524,726
Reclassification adjustment for gains included in net income				(1,826)
Tax effect (1)	315,841	(272,366)	100,077	(533,015)
Other comprehensive (loss) income, net of taxes	$ (586,561)	$ 505,822	$ (185,856)	$ 989,885
Comprehensive Income	$ 2,253,276	$ 3,258,447	$ 5,501,745	$ 5,175,966

(1) The tax effect for the three and six months ended June 30, 2015 on the change in unrealized gains (losses) on investment securities was $315,841 and $100,077, respectively, compared to $272,366 and $533,654, respectively, for the three and six months ended June 30, 2014. The tax effect for the three and six months ended June 30, 2014 on the reclassification adjustment for gains included in net income had a tax effect of $0 and $639, respectively.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

3

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS   EQUITY (Unaudited)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Unallocated Common Stock Held by ESOP	Unallocated Common Stock Held by RRP	Retained Earnings	Accumulated Other Comprehensive Income	Total
alance, ecember 31, 013[1]	$ 89,585	$ 92,192,410	$ (28,011,398)	$ (5,266,830)	$ (1,018,497)	$ 83,729,144	$ 195,115	$ 141,909,529
let income						4,186,081		4,186,081
)ther omprehensive ncome							989,885	989,885
reasury stock cquired at ost, 20,694 hares			(437,041)					(437,041)
xercise of tock options	186	213,356						213,542
RP shares eleased for llocation		(549,091)			773,139			224,048
SOP shares eleased for llocation		187,326		178,540				365,866
hare-based ompensation ost		623,830						623,830
alance, une 30, 2014	$ 89,771	$ 92,667,831	$ (28,448,439)	$ (5,088,290)	$ (245,358)	$ 87,915,225	$ 1,185,000	$ 148,075,740
alance, ecember 31, 014[1]	$ 90,088	$ 93,332,108	$ (28,572,891)	$ (4,909,750)	$ (202,590)	$ 93,101,915	$ 1,304,876	$ 154,143,756
let income						5,687,601		5,687,601
)ther omprehensive oss							(185,856)	(185,856)
urchase of ompany s ommon stock t cost, 49,200			(2,909,083)					(2,909,083)

hares								
eclassification f treasury tock per ouisiana aw[2]	(20,187)	(20,166,773)	31,481,974			(11,295,014)		
Cash dividends eclared, $0.14 er share						(1,004,736)		(1,004,736)
xercise of tock options	2,280	2,621,783						2,624,063
RP shares eleased for llocation		(969)			1,194			225
SOP shares eleased for llocation		287,531		178,540				466,071
hare-based ompensation ost		80,273						80,273
alance, une 30, 2015	$ 72,181	$ 76,153,953	$	$ (4,731,210)	$ (201,396)	$ 86,489,766	$ 1,119,020	$ 158,902,314

(1) Balances as of December 31, 2013 and December 31, 2014 are audited.
(2) See Note 1 for details on the Louisiana Business Corporation Act.

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the Six Months Ended June 30,	
	2015	**2014**
Cash flows from operating activities, net of effects of acquisition in 2014:		
Net income	$ 5,687,601	$ 4,186,081
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	832,625	955,969
Depreciation	901,831	812,261
Amortization of purchase accounting valuations and intangibles	2,144,471	4,890,508
Net amortization of mortgage servicing asset	62,540	80,035
Federal Home Loan Bank stock dividends	(5,900)	(9,100)
Net amortization of premium on investments	744,039	614,323
Gain on sale of investment securities, net		(1,826)
Gain on loans sold, net	(641,012)	(600,465)
Proceeds, including principal payments, from loans held for sale	62,085,277	49,254,922
Originations of loans held for sale	(63,623,563)	(50,757,291)
Non-cash compensation	475,107	989,696
Deferred income tax benefit	(471,026)	(123,073)
Decrease in interest receivable and other assets	622,992	5,310,368
Increase in cash surrender value of bank-owned life insurance	(256,467)	(225,834)
Decrease (increase) in accrued interest payable and other liabilities	139,428	(4,304,739)
Net cash provided by operating activities	8,697,943	11,071,835
Cash flows from investing activities, net of effects of acquisition in 2014:		
Purchases of securities available for sale	(18,713,313)	(13,511,970)
Purchases of securities held to maturity	(2,927,988)	(2,150,774)
Proceeds from maturities, prepayments and calls on securities available for sale	14,549,353	16,038,337
Proceeds from maturities, prepayments and calls on securities held to maturity		466,470
Proceeds from sales of securities available for sale		66,904,999
Net increase in loans	(11,476,848)	(47,603,668)
Reimbursement from FDIC for covered assets	363,406	342,928
Decrease in certificates of deposit in other institutions		992,000
Proceeds from sale of repossessed assets	1,592,531	2,998,116
Purchases of office properties and equipment	(398,008)	(2,009,409)
Proceeds from sale of properties and equipment	704,276	
Net cash disbursed in business combination		(22,995,649)
Purchases of Federal Home Loan Bank stock	(793,300)	(2,582,100)
Proceeds from redemption of Federal Home Loan Bank stock	1,970,200	2,011,400
Net cash used in investing activities	(15,129,691)	(1,099,320)

Cash flows from financing activities, net of effects of acquisition in 2014:		
Increase in deposits	37,371,361	23,902,051
Decrease in Federal Home Loan Bank advances	(28,500,000)	(3,649,000)
Decrease in securities sold under repurchase agreements		(6,314,675)
Purchase of the Company s common stock	(2,909,083)	(437,041)
Proceeds from exercise of stock options	2,624,062	213,542
Payment of dividends on common stock	(1,004,737)	
Net cash provided by financing activities	7,581,603	13,714,877
Net change in cash and cash equivalents	1,149,855	23,687,392
Cash and cash equivalents at beginning of year	29,077,907	32,638,900
Cash and cash equivalents at end of period	$ 30,227,762	$ 56,326,292

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Table of Contents

HOME BANCORP, INC. AND SUBSIDIARY

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Home Bancorp, Inc. (the Company) were prepared in accordance with instructions for Form 10-Q and Regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, other comprehensive income, changes in shareholders equity and cash flows in conformity with accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the three-month and six-month periods ended June 30, 2015 are not necessarily indicative of the results which may be expected for the entire fiscal year. These statements should be read in conjunction with the Consolidated Financial Statements and notes thereto included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) for the year ended December 31, 2014.

In preparing the financial statements, the Company is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the Company s financial condition, results of operations, other comprehensive income, changes in shareholders equity and cash flows for the interim periods presented. These adjustments are of a normal recurring nature and include appropriate estimated provisions.

Certain amounts reported in prior periods have been reclassified to conform to the current period presentation. Such reclassifications had no effect on previously reported shareholders equity or net income.

Louisiana Business Corporation Act

Effective January 1, 2015, companies incorporated under Louisiana law became subject to the Louisiana Business Corporation Act. Provisions of the Louisiana Business Corporation Act eliminate the concept of treasury stock and provide that shares reacquired by a company are to be treated as authorized unissued shares. Accounting principles generally accepted in the United States of America state that accounting for treasury stock shall conform to state law. The Company s Consolidated Financial Statements reflect this change. The cost of shares purchased by the Company has been allocated to common stock, additional paid-in capital and retained earnings.

2. Recent Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements Disclosure of Uncertainties about an Entity s Ability to Continue as a Going Concern. ASU 2014-15 requires companies to evaluate whether there are conditions and events that raise substantial doubt about the entity s ability to continue as a going concern within one year after the financial statements are issued. Management will be required to make the evaluation and disclose for both annual and interim reporting periods. The ASU is effective for interim and annual periods after December 15, 2016. The adoption of this ASU is not expected to have a material effect on our Consolidated Financial Statements.

In February 2015, the FASB issued ASU 2015-02, Amendments to the Consolidation Analysis, which eliminates the deferral of certain investments in variable interest entities. ASU 2015-02 will allow companies with interests in certain investment funds to follow preceding consolidation guidance and make changes to the variable interest model and the voting model. The ASU is effective for annual and interim periods beginning after December 15, 2015. The adoption of this ASU is not expected to have a material effect on our Consolidated Financial Statements.

Table of Contents

3. Acquisition Activity

On June 18, 2015, the Company entered into a definitive agreement providing for the merger of Louisiana Bancorp Inc., the holding company of the 105-year-old Bank of New Orleans, with and into the Company and the subsequent merger of Bank of New Orleans with and into the Bank. Under the terms of the agreement, shareholders of Louisiana Bancorp will receive $24.25 per share in cash upon completion of the merger. The merger, which is expected to be completed in the fourth quarter of 2015, is subject to Louisiana Bancorp shareholder approval, regulatory approvals and other customary conditions. The Company incurred $256,000 in pre-tax merger-related expenses during the second quarter of 2015.

4. Investment Securities

Summary information regarding the Company s investment securities classified as available for sale and held to maturity as of June 30, 2015 and December 31, 2014 is as follows.

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
June 30, 2015			**Less Than 1 Year**	**Over 1 Year**	
Available for sale:					
U.S. agency mortgage-backed	$ 125,853	$ 1,734	$ 192	$ 434	$ 126,961
Non-U.S. agency mortgage-backed	6,988	56	13	38	6,993
Municipal bonds	23,083	510	55	4	23,534
U.S. government agency	20,433	196		38	20,591
Total available for sale	$ 176,357	$ 2,496	$ 260	$ 514	$ 178,079
Held to maturity:					
Municipal bonds	$ 14,489	$ 144	$ 86	$ 4	$ 14,543

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Fair Value
December 31, 2014			**Less Than 1 Year**	**Over 1 Year**	
Available for sale:					
U.S. agency mortgage-backed	$ 120,009	$ 1,984	$ 10	$ 485	$ 121,498
Non-U.S. agency mortgage-backed	7,757	61	28	26	7,764
Municipal bonds	24,388	561	2	51	24,896
U.S. government agency	20,639	190		186	20,643

Total available for sale	$ 172,793	$ 2,796	$ 40	$ 748	$ 174,801
Held to maturity:					
Municipal bonds	$ 11,705	$ 202	$ 3	$ 15	$ 11,889

The estimated fair value and amortized cost by maturity of the Company s investment securities as of June 30, 2015 are shown in the following tables. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. The expected maturity of a security may differ from its contractual maturity because of prepayments or the exercise of call options. Accordingly, actual maturities may differ from contractual maturities.

(dollars in thousands)	One Year or Less	One Year to Five Years	Five to Ten Years	Over Ten Years	Total
Fair Value					
Securities available for sale:					
U.S. agency mortgage-backed	$	$ 100	$ 28,324	$ 98,537	$ 126,961
Non-U.S. agency mortgage-backed				6,993	6,993
Municipal bonds	911	7,797	12,157	2,669	23,534
U.S. government agency		16,137		4,454	20,591
Total available for sale	$ 911	$ 24,034	$ 40,481	$ 112,653	$ 178,079
Securities held to maturity:					
Municipal bonds	$ 648	$	$ 9,351	$ 4,544	$ 14,543
Total investment securities	$ 1,559	$ 24,034	$ 49,832	$ 117,197	$ 192,622

(dollars in thousands)	One Year or Less	One Year to Five Years	Five to Ten Years	Over Ten Years	Total
Amortized Cost					
Securities available for sale:					
U.S. agency mortgage-backed	$	$ 95	$ 28,260	$ 97,498	$ 125,853
Non-U.S. agency mortgage-backed				6,988	6,988
Municipal bonds	876	7,596	12,053	2,558	23,083
U.S. government agency		16,091		4,342	20,433
Total available for sale	$ 876	$ 23,782	$ 40,313	$ 111,386	$ 176,357
Securities held to maturity:					
Municipal bonds	$ 635	$	$ 9,240	$ 4,614	$ 14,489
Total investment securities	$ 1,511	$ 23,782	$ 49,553	$ 116,000	$ 190,846

Management evaluates securities for other-than-temporary impairment at least quarterly, and more frequently when economic and market conditions warrant such evaluations. Consideration is given to (1) the extent and length of time the fair value has been below cost; (2) the reasons for the decline in value; and (3) the Company s intent to sell a security or whether it is more likely than not the Company will be required to sell the security before the recovery of its amortized cost, which may extend to maturity.

The Company performs a process to identify securities that could potentially have a credit impairment that is other-than-temporary. This process involves evaluating each security for impairment by monitoring credit performance, collateral type, collateral geography, bond credit support, loan-to-value ratios, credit scores, loss severity levels, pricing levels, downgrades by rating agencies, cash flow projections and other factors as indicators of potential credit issues. When the Company determines that a security is deemed to be other-than-temporarily impaired, an impairment loss is recognized.

As of June 30, 2015, 49 of the Company s debt securities had unrealized losses totaling 1.4% of the individual securities amortized cost basis and 0.5% of the Company s total amortized cost basis of the investment securities portfolio. At such date, 18 of the 49 securities had been in a continuous loss position for over 12 months. The 18 securities had an aggregate amortized cost basis of $27.2 million and unrealized loss of $518,000 at June 30, 2015. Management has the intent and ability to hold these debt securities until maturity, or until anticipated recovery; hence, no declines in these 18 securities were deemed to be other-than-temporary.

As of June 30, 2015 and December 31, 2014, the Company had $91,664,000 and $76,491,000, respectively, of securities pledged to secure public deposits. As of June 30, 2015 and December 31, 2014, the Company had $21,426,000 and $21,211,000 of securities pledged to securities sold under repurchase agreements.

Table of Contents

5. Earnings Per Share

Earnings per common share were computed based on the following:

(in thousands, except per share data)	Three Months Ended June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Numerator:				
Net income available to common shareholders	$ 2,840	$ 2,753	$ 5,688	$ 4,186
Denominator:				
Weighted average common shares outstanding	6,695	6,533	6,664	6,512
Effect of dilutive securities:				
Restricted stock	4	32	4	46
Stock options	275	338	300	339
Weighted average common shares outstanding assuming dilution	6,974	6,903	6,968	6,897
Basic earnings per common share	$ 0.42	$ 0.42	$ 0.85	$ 0.64
Diluted earnings per common share	$ 0.41	$ 0.40	$ 0.82	$ 0.61

Options on 55,773 and 47,500 shares of common stock were not included in the computation of diluted earnings per share for the three months ended June 30, 2015 and June 30, 2014, respectively, because the effect of these shares was anti-dilutive. Options on 32,636 and 47,500 shares of common stock were not included in the computation of diluted earnings per share for the six months ended June 30, 2015 and June 30, 2014, respectively, because the effect of these shares was anti-dilutive.

6. Credit Quality and Allowance for Loan Losses

The following briefly describes the distinction between originated and acquired loans and certain significant accounting policies relevant to each category.

Originated Loans

Loans originated for investment are reported at the principal balance outstanding net of unearned income. Interest on loans and accretion of unearned income are computed in a manner that approximates a level yield on recorded principal. Interest on loans is recorded as income as earned. The accrual of interest on an originated loan is discontinued when it is probable the borrower will not be able to meet payment obligations as they become due. The Company maintains an allowance for loan losses on originated loans that represents management s estimate of probable losses incurred in this portfolio category.

Acquired Loans

Loans that were acquired as a result of our acquisitions of certain assets and liabilities of Statewide Bank (Statewide) of Covington, Louisiana, on March 12, 2010, GS Financial Corp. (GSFC), the former holding company of Guaranty Savings Bank of Metairie, Louisiana, on July 15, 2011 and Britton & Koontz Capital Corporation (Britton & Koontz), the former holding company of Britton & Koontz Bank, N.A. (Britton & Koontz Bank) of Natchez, Mississippi on February 14, 2014 are referred to as Acquired Loans.

Acquired Loans were recorded at estimated fair value at the acquisition date with no carryover of the related allowance for loan losses. The acquired loans were segregated between those considered to be performing (acquired performing) and those with evidence of credit deterioration (acquired impaired), and then further segregated into loan pools designed to facilitate the estimation of expected cash flows. The fair value estimate for each pool of acquired performing and acquired impaired loans was based on the estimate of expected cash flows, both principal and interest, from that pool, discounted at prevailing market interest rates.

The difference between the fair value of an acquired performing loan pool and the contractual amounts due at the acquisition date (the fair value discount) is accreted into income over the estimated life of the pool. Management estimates an allowance for loan losses for acquired performing loans using a methodology similar to that used for originated loans. The allowance determined for each loan pool is compared to the remaining fair value discount for that pool. If the allowance amount calculated under the Company s methodology is greater than the Company s remaining discount, the additional amount called for is added to the reported allowance through a provision for loan losses. If the allowance amount calculated under the Company s methodology is less than the Company s recorded discount, no additional allowance or provision is recognized. Actual losses first reduce any remaining nonaccretable discount for the loan pool. Once the nonaccretable discount is fully depleted, losses are applied against the allowance established for that pool. Acquired performing loans are placed on nonaccrual status and considered and reported as nonperforming or past due using the same criteria applied to the originated portfolio.

The excess of cash flows expected to be collected from an acquired impaired loan pool over the pool s estimated fair value at acquisition is referred to as the accretable yield and is recognized in interest income using an effective yield method over the remaining life of the pool. Each pool of acquired impaired loans is accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows.

Management recasts the estimate of cash flows expected to be collected on each acquired impaired loan pool periodically. If the present value of expected cash flows for a pool is less than its carrying value, an impairment is recognized by an increase in the allowance for loan losses and a charge to the provision for loan losses. If the present value of expected cash flows for a pool is greater than its carrying value, any previously established allowance for loan losses is reversed and any remaining difference increases the accretable yield which will be taken into interest income over the remaining life of the loan pool. Acquired impaired loans are generally not subject to individual evaluation for impairment and are not reported with impaired loans, even if they would otherwise qualify for such treatment.

Certain loans purchased in the Statewide acquisition are covered by loss sharing agreements between the FDIC and the Company. Historically, the Company has referred to loans subject to loss share agreements with the FDIC as covered loans. However, as of March 31, 2015, a significant portion of the loss share agreements had expired and any future losses on these formerly covered loans are no longer eligible for reimbursement from the FDIC. As of March 31, 2015, only residential mortgage loans acquired from Statewide remained subject to loss sharing agreements with the FDIC. As of June 30, 2015, the Company s remaining covered loans amounted to approximately $4.2 million, or less than 1.0% of the Company s total loan portfolio, at such date. Given the limited amount of covered loans remaining, the Company is no longer reporting such loans as covered loans, and the remaining covered loans are included in acquired loans.

The allowance for loan losses and recorded investment in loans as of the dates indicated are as follows.

	As of June 30, 2015			
	Originated Loans			
(dollars in thousands)	**Collectively Evaluated for Impairment**	**Individually Evaluated for Impairment**	**Acquired Loans**	**Total**
Allowance for loan losses:				
One- to four-family first mortgage	$ 1,209	$	$ 135	$ 1,344
Home equity loans and lines	477		200	677
Commercial real estate	2,899	86		2,985
Construction and land	1,071		59	1,130
Multi-family residential	220			220

Commercial and industrial	1,453	101		1,554
Consumer	556			556
Total allowance for loan losses	$ 7,885	$ 187	$ 394	$ 8,466

Table of Contents

	As of June 30, 2015			
	Originated Loans			
(dollars in thousands)	**Collectively Evaluated for Impairment**	**Individually Evaluated for Impairment**	**Acquired Loans(1)**	**Total**
Loans:				
One- to four-family first mortgage	$ 171,737	$ 78	$ 61,677	$ 233,492
Home equity loans and lines	36,941		17,982	54,923
Commercial real estate	280,587	201	59,807	340,595
Construction and land	85,402		8,743	94,145
Multi-family residential	20,571		10,030	30,601
Commercial and industrial	100,461	1,134	13,548	115,143
Consumer	44,436		2,217	46,653
Total loans	$ 740,135	$ 1,413	$ 174,004	$ 915,552

	As of December 31, 2014			
	Originated Loans			
(dollars in thousands)	**Collectively Evaluated for Impairment**	**Individually Evaluated for Impairment**	**Acquired Loans**	**Total**
Allowance for loan losses:				
One- to four-family first mortgage	$ 1,136	$	$ 174	$ 1,310
Home equity loans and lines	442		111	553
Commercial real estate	2,815	107		2,922
Construction and land	968		133	1,101
Multi-family residential	192			192
Commercial and industrial	1,128	33		1,161
Consumer	521			521
Total allowance for loan losses	$ 7,202	$ 140	$ 418	$ 7,760

	As of December 31, 2014			
	Originated Loans			
(dollars in thousands)	**Collectively Evaluated for Impairment**	**Individually Evaluated for Impairment**	**Acquired Loans(1)**	**Total**
Loans:				
One- to four-family first mortgage	$ 164,450	$ 78	$ 68,721	$ 233,249
Home equity loans and lines	34,485		21,515	56,000
Commercial real estate	279,493	777	72,593	352,863
Construction and land	77,057		12,097	89,154
Multi-family residential	16,507		10,868	27,375
Commercial and industrial	88,411	1,128	14,907	104,446

Consumer	43,049		2,832	45,881
Total loans	$ 703,452	$ 1,983	$ 203,533	$ 908,968

(1) $22.4 million and $31.9 million in acquired loans were accounted for under ASC 310-30 at June 30, 2015 and December 31, 2014, respectively.

Table of Contents

A summary of activity in the allowance for loan losses during the six months ended June 30, 2015 and June 30, 2014 follows.

	For the Six Months Ended June 30, 2015				
(dollars in thousands)	**Beginning Balance**	**Charge-offs**	**Recoveries**	**Provision**	**Ending Balance**
Originated loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 1,136	$	$ 30	$ 43	$ 1,209
Home equity loans and lines	442	(14)	4	45	477
Commercial real estate	2,922			63	2,985
Construction and land	968			103	1,071
Multi-family residential	192			28	220
Commercial and industrial	1,161	(64)	72	385	1,554
Consumer	521	(46)		81	556
Total allowance for loan losses	$ 7,342	$ (124)	$ 106	$ 748	$ 8,072
Acquired loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 174	$	$	$ (39)	$ 135
Home equity loans and lines	111			89	200
Commercial real estate					
Construction and land	133	(109)		35	59
Multi-family residential					
Commercial and industrial					
Consumer					
Total allowance for loan losses	$ 418	$ (109)	$	$ 85	$ 394
Total loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 1,310	$	$ 30	$ 4	$ 1,344
Home equity loans and lines	553	(14)	4	134	677
Commercial real estate	2,922			63	2,985
Construction and land	1,101	(109)		138	1,130
Multi-family residential	192			28	220
Commercial and industrial	1,161	(64)	72	385	1,554
Consumer	521	(46)		81	556
Total allowance for loan losses	$ 7,760	$ (233)	$ 106	$ 833	$ 8,466

Table of Contents

(dollars in thousands)	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
	For the Six Months Ended June 30, 2014				
Originated loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 904	$ (96)	$	$ 228	$ 1,036
Home equity loans and lines	366		3	60	429
Commercial real estate	2,528			222	2,750
Construction and land	977	(19)		250	1,208
Multi-family residential	90			31	121
Commercial and industrial	1,332		76	(106)	1,302
Consumer	473	(18)	2	35	492
Total allowance for loan losses	$ 6,670	$ (133)	$ 81	$ 720	$ 7,338
Acquired loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 184	$ (64)	$	$ 56	$ 176
Home equity loans and lines	58			53	111
Commercial real estate					
Construction and land				133	133
Multi-family residential					
Commercial and industrial	6			(6)	
Consumer					
Total allowance for loan losses	$ 248	$ (64)	$	$ 236	$ 420
Total loans:					
Allowance for loan losses:					
One- to four-family first mortgage	$ 1,088	$ (160)	$	$ 284	$ 1,212
Home equity loans and lines	424		3	113	540
Commercial real estate	2,528			222	2,750
Construction and land	977	(19)		383	1,341
Multi-family residential	90			31	121
Commercial and industrial	1,338		76	(112)	1,302
Consumer	473	(18)	2	35	492
Total allowance for loan losses	$ 6,918	$ (197)	$ 81	$ 956	$ 7,758

Credit quality indicators on the Company s loan portfolio as of the dates indicated are as follows.

(dollars in thousands)	Pass	Special Mention	Substandard	Doubtful	Total
			June 30, 2015		

Originated loans:									
One- to four-family first mortgage	$	169,287	$	1,337	$	1,191	$	$	171,815
Home equity loans and lines		36,385		428		128			36,941
Commercial real estate		276,043		3,510		1,235			280,788
Construction and land		84,188		91		1,123			85,402
Multi-family residential		20,571							20,571
Commercial and industrial		98,736		31		2,828			101,595
Consumer		44,004		122		310			44,436
Total loans	$	729,214	$	5,519	$	6,815	$	$	741,548
Acquired loans:									
One- to four-family first mortgage	$	55,840	$	1,379	$	4,458	$	$	61,677
Home equity loans and lines		17,634		22		326			17,982
Commercial real estate		52,345		2,062		5,400			59,807
Construction and land		4,913		2,322		1,508			8,743
Multi-family residential		9,020		19		991			10,030
Commercial and industrial		12,486				1,062			13,548
Consumer		2,087		77		53			2,217
Total loans	$	154,325	$	5,881	$	13,798	$	$	174,004
Total:									
One- to four-family first mortgage	$	225,127	$	2,716	$	5,649	$	$	233,492
Home equity loans and lines		54,019		450		454			54,923
Commercial real estate		328,388		5,572		6,635			340,595
Construction and land		89,101		2,413		2,631			94,145
Multi-family residential		29,591		19		991			30,601
Commercial and industrial		111,222		31		3,890			115,143
Consumer		46,091		199		363			46,653
Total loans	$	883,539	$	11,400	$	20,613	$	$	915,552

Table of Contents

(dollars in thousands)	Pass	Special Mention	Substandard	Doubtful	Total
	December 31, 2014				
Originated loans:					
One- to four-family first mortgage	$ 161,922	$ 251	$ 2,355	$	$ 164,528
Home equity loans and lines	33,731	255	499		34,485
Commercial real estate	274,878	3,655	1,737		280,270
Construction and land	75,888	103	1,066		77,057
Multi-family residential	15,642	865			16,507
Commercial and industrial	88,309	39	1,191		89,539
Consumer	42,718	2	329		43,049
Total loans	$ 693,088	$ 5,170	$ 7,177	$	$ 705,435
Acquired loans:					
One- to four-family first mortgage	$ 62,761	$ 1,007	$ 4,953	$	$ 68,721
Home equity loans and lines	20,842	57	616		21,515
Commercial real estate	61,172	2,071	9,350		72,593
Construction and land	6,407	1	5,689		12,097
Multi-family residential	8,175	923	1,770		10,868
Commercial and industrial	13,699		1,208		14,907
Consumer	2,741	40	51		2,832
Total loans	$ 175,797	$ 4,099	$ 23,637	$	$ 203,533
Total:					
One- to four-family first mortgage	$ 224,683	$ 1,258	$ 7,308	$	$ 233,249
Home equity loans and lines	54,573	312	1,115		56,000
Commercial real estate	336,050	5,726	11,087		352,863
Construction and land	82,295	104	6,755		89,154
Multi-family residential	23,817	1,788	1,770		27,375
Commercial and industrial	102,008	39	2,399		104,446
Consumer	45,459	42	380		45,881
Total loans	$ 868,885	$ 9,269	$ 30,814	$	$ 908,968

The above classifications follow regulatory guidelines and can generally be described as follows:

Pass loans are of satisfactory quality.

Special mention loans have an existing weakness that could cause future impairment, including the deterioration of financial ratios, past due status, questionable management capabilities and possible reduction in the collateral values.

14

Substandard loans have an existing specific and well-defined weakness that may include poor liquidity and deterioration of financial performance. Such loans may be past due and related deposit accounts experiencing overdrafts. Immediate corrective action is necessary.

Doubtful loans have specific weaknesses that are severe enough to make collection or liquidation in full highly questionable and improbable.

In addition, residential loans are classified using an inter-agency regulatory methodology that incorporates the extent of delinquencies and loan-to-value ratios. These classifications were the most current available as of the dates indicated and were generally updated within the quarter.

Age analysis of past due loans as of the dates indicated are as follows.

	June 30, 2015					
(dollars in thousands)	**30-59 Days Past Due**	**60-89 Days Past Due**	**Greater Than 90 Days Past Due**	**Total Past Due**	**Current Loans**	**Total Loans**
Originated loans:						
Real estate loans:						
One- to four-family first mortgage	$ 1,637	$ 292	$ 529	$ 2,458	$ 169,357	$ 171,815
Home equity loans and lines	169	9	128	306	36,635	36,941
Commercial real estate		91	617	708	280,080	280,788
Construction and land	422			422	84,980	85,402
Multi-family residential					20,571	20,571
Total real estate loans	2,228	392	1,274	3,894	591,623	595,517
Other loans:						
Commercial and industrial	210	93	423	726	100,869	101,595
Consumer	662	209	310	1,181	43,255	44,436
Total other loans	872	302	733	1,907	144,124	146,031
Total loans	$ 3,100	$ 694	$ 2,007	$ 5,801	$ 735,747	$ 741,548
Acquired loans:						
Real estate loans:						
One- to four-family first mortgage	$ 2,349	$ 847	$ 3,273	$ 6,469	$ 55,208	$ 61,677
Home equity loans and lines	149	61	92	302	17,680	17,982
Commercial real estate	322	8	2,083	2,413	57,394	59,807
Construction and land	627	1	250	878	7,865	8,743

Multi-family residential		19		19	10,011	10,030
Total real estate loans	3,447	936	5,698	10,081	148,158	158,239
Other loans:						
Commercial and industrial	96		623	719	12,829	13,548
Consumer	45	17	36	98	2,119	2,217
Total other loans	141	17	659	817	14,948	15,765
Total loans	$ 3,588	$ 953	$ 6,357	$ 10,898	$ 163,106	$ 174,004
Total loans:						
Real estate loans:						
One- to four-family first mortgage	$ 3,986	$ 1,139	$ 3,802	$ 8,927	$ 224,565	$ 233,492
Home equity loans and lines	318	70	220	608	54,315	54,923
Commercial real estate	322	99	2,700	3,121	337,474	340,595
Construction and land	1,049	1	250	1,300	92,845	94,145
Multi-family residential		19		19	30,582	30,601
Total real estate loans	5,675	1,328	6,972	13,975	739,781	753,756
Other loans:						
Commercial and industrial	306	93	1,046	1,445	113,698	115,143
Consumer	707	226	346	1,279	45,374	46,653
Total other loans	1,013	319	1,392	2,724	159,072	161,796
Total loans	$ 6,688	$ 1,647	$ 8,364	$ 16,699	$ 898,853	$ 915,552

Table of Contents

	December 31, 2014					
(dollars in thousands)	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days Past Due	Total Past Due	Current Loans	Total Loans
Originated loans:						
Real estate loans:						
One- to four-family first mortgage	$ 2,056	$ 90	$ 1,058	$ 3,204	$ 161,324	$ 164,528
Home equity loans and lines	434		65	499	33,986	34,485
Commercial real estate	1,284		829	2,113	278,157	280,270
Construction and land	309			309	76,748	77,057
Multi-family residential					16,507	16,507
Total real estate loans	4,083	90	1,952	6,125	566,722	572,847
Other loans:						
Commercial and industrial	271	49	451	771	88,768	89,539
Consumer	924	133	329	1,386	41,663	43,049
Total other loans	1,195	182	780	2,157	130,431	132,588
Total loans	$ 5,278	$ 272	$ 2,732	$ 8,282	$ 697,153	$ 705,435
Acquired loans:						
Real estate loans:						
One- to four-family first mortgage	$ 2,323	$ 1,341	$ 2,836	$ 6,500	$ 62,221	$ 68,721
Home equity loans and lines	249	97	220	566	20,949	21,515
Commercial real estate	4,551	1	1,840	6,392	66,201	72,593
Construction and land	499	755	702	1,956	10,141	12,097
Multi-family residential	1,052	25	319	1,396	9,472	10,868
Total real estate loans	8,674	2,219	5,917	16,810	168,984	185,794
Other loans:						
Commercial and industrial	177	392	336	905	14,002	14,907
Consumer	47	33	41	121	2,711	2,832
Total other loans	224	425	377	1,026	16,713	17,739
Total loans	$ 8,898	$ 2,644	$ 6,294	$ 17,836	$ 185,697	$ 203,533
Total loans:						
Real estate loans:						

One- to four-family first mortgage	$ 4,379	$ 1,431	$ 3,894	$ 9,704	$ 223,545	$ 233,249
Home equity loans and lines	683	97	285	1,065	54,935	56,000
Commercial real estate	5,835	1	2,669	8,505	344,358	352,863
Construction and land	808	755	702	2,265	86,889	89,154
Multi-family residential	1,052	25	319	1,396	25,979	27,375
Total real estate loans	12,757	2,309	7,869	22,935	735,706	758,641
Other loans:						
Commercial and industrial	448	441	787	1,676	102,770	104,446
Consumer	971	166	370	1,507	44,374	45,881
Total other loans	1,419	607	1,157	3,183	147,144	150,327
Total loans	$ 14,176	$ 2,916	$ 9,026	$ 26,118	$ 882,850	$ 908,968

Table of Contents

Excluding Acquired Loans with deteriorated credit quality, as of June 30, 2015 and December 31, 2014, the Company did not have any loans greater than 90 days past due and accruing.

The following is a summary of information pertaining to Originated Loans which were deemed to be impaired loans as of the dates indicated.

	As of Period Ended June 30, 2015				
(dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	$ 78	$ 78	$	$ 78	$ 3
Home equity loans and lines					
Commercial real estate					
Construction and land					
Multi-family residential					
Commercial and industrial	364	364		393	11
Consumer					
Total	$ 442	$ 442	$	$ 471	$ 14
With an allowance recorded:					
One- to four-family first mortgage	$	$	$	$	$
Home equity loans and lines					
Commercial real estate	201	201	86	695	6
Construction and land					
Multi-family residential					
Commercial and industrial	770	770	101	732	21
Consumer					
Total	$ 971	$ 971	$ 187	$ 1,427	$ 27
Total impaired Originated Loans:					
One- to four-family first mortgage	$ 78	$ 78	$	$ 78	$ 3
Home equity loans and lines					
Commercial real estate	201	201	86	695	6
Construction and land					
Multi-family residential					
Commercial and industrial	1,134	1,134	101	1,125	32
Consumer					
Total	$ 1,413	$ 1,413	$ 187	$ 1,898	$ 41

Table of Contents

(dollars in thousands)	As of Period Ended December 31, 2014 Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
One- to four-family first mortgage	$ 78	$ 78	$	$ 214	$
Home equity loans and lines					
Commercial real estate				64	
Construction and land				15	
Multi-family residential					
Commercial and industrial	398	398		494	4
Consumer					
Total	$ 476	$ 476	$	$ 787	$ 4
With an allowance recorded:					
One- to four-family first mortgage	$	$	$	$	$
Home equity loans and lines					
Commercial real estate	777	777	107	239	10
Construction and land					
Multi-family residential					
Commercial and industrial	730	730	33	923	40
Consumer					
Total	$ 1,507	$ 1,507	$ 140	$ 1,162	$ 50
Total impaired Originated Loans:					
One- to four-family first mortgage	$ 78	$ 78	$	$ 214	$
Home equity loans and lines					
Commercial real estate	777	777	107	303	10
Construction and land				15	
Multi-family residential					
Commercial and industrial	1,128	1,128	33	1,417	44
Consumer					
Total	$ 1,983	$ 1,983	$ 140	$ 1,949	$ 54

A summary of information pertaining to nonaccrual loans as of dates indicated is as follows.

(dollars in thousands)	June 30, 2015 Originated	Acquired[1]	Total	December 31, 2014 Originated	Acquired[1]	Total
Nonaccrual loans:						
One- to four-family first mortgage	$ 529	$ 3,985	$ 4,514	$ 1,429	$ 5,072	$ 6,501
Home equity loans and lines	128	291	419	65	482	547
Commercial real estate	617	2,840	3,457	829	5,498	6,327

Construction and land	100	423	523		5,356	5,356
Multi-family residential		791	791		1,770	1,770
Commercial and industrial	1,133	840	1,973	1,191	1,168	2,359
Consumer	310	72	382	329	92	421
Total	$ 2,817	$ 9,242	$ 12,059	$ 3,843	$ 19,438	$ 23,281

(1) Nonaccrual acquired loans accounted for under ASC 310-30 totaled $6.7 million and $15.1 million as of June 30, 2015 and December 31, 2014, respectively.

As of June 30, 2015, the Company was not committed to lend additional funds to any customer whose loan was classified as impaired.

Table of Contents

Troubled Debt Restructurings

During the course of its lending operations, the Company periodically grants concessions to its customers in an attempt to protect as much of its investment as possible and to minimize risk of loss. These concessions may include restructuring the terms of a customer loan to alleviate the burden of the customer s near-term cash requirements. The Company adopted the provisions of ASU No. 2011-02, *Receivables* (Topic 310): *A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring*, which provides clarification on the determination of whether loan restructurings are considered troubled debt restructurings (TDRs). In accordance with the ASU, in order to be considered a TDR, the Company must conclude that the restructuring of a loan to a borrower who is experiencing financial difficulties constitutes a concession . The Company defines a concession as a modification of existing terms granted to a borrower for economic or legal reasons related to the borrower s financial difficulties that the Company would otherwise not consider. The concession is either granted through an agreement with the customer or is imposed by a court or by a law. Concessions include modifying original loan terms to reduce or defer cash payments required as part of the loan agreement, including but not limited to:

- a reduction of the stated interest rate for the remaining original life of the debt,
- an extension of the maturity date or dates at an interest rate lower than the current market rate for new debt with similar risk characteristics,
- a reduction of the face amount or maturity amount of the debt, or
- a reduction of accrued interest receivable on the debt.

In its determination of whether the customer is experiencing financial difficulties, the Company considers numerous indicators, including, but not limited to:

- whether the customer is currently in default on its existing loan, or is in an economic position where it is probable the customer will be in default on its loan in the foreseeable future without a modification,
- whether the customer has declared or is in the process of declaring bankruptcy,
- whether there is substantial doubt about the customer s ability to continue as a going concern,
- whether, based on its projections of the customer s current capabilities, the Company believes the customer s future cash flows will be insufficient to service the debt, including interest, in accordance with the contractual terms of the existing agreement for the foreseeable future, and

whether, without modification, the customer cannot obtain sufficient funds from other sources at an effective interest rate equal to the current market rate for similar debt for a non-troubled debtor.

If the Company concludes that both a concession has been granted and the concession was granted to a customer experiencing financial difficulties, the Company identifies the loan as a TDR. For purposes of the determination of an allowance for loan losses on TDRs, such loans are reviewed for specific impairment in accordance with the Company s allowance for loan loss methodology. If it is determined that losses are probable on such TDRs, either because of delinquency or other credit quality indicators, the Company specifically allocates a portion of the allowance for loan losses to these loans.

Table of Contents

Information about the Company s TDRs is presented in the following tables.

	As of June 30, 2015			
(dollars in thousands)	**Current**	**Past Due Greater Than 30 Days**	**Nonaccrual TDRs**	**Total TDRs**
Originated loans:				
Real estate loans:				
One- to four-family first mortgage	$ 284	$	$	$ 284
Home equity loans and lines				
Commercial real estate	311			311
Construction and land	91			91
Multi-family residential				
Total real estate loans	686			686
Other loans:				
Commercial and industrial			710	710
Consumer				
Total other loans			710	710
Total loans	$ 686	$	$ 710	$ 1,396
Acquired loans:				
Real estate loans:				
One- to four-family first mortgage	$ 501	$	$ 42	$ 543
Home equity loans and lines				
Commercial real estate			1,246	1,246
Construction and land			66	66
Multi-family residential				
Total real estate loans	501		1,354	1,855
Other loans:				
Commercial and industrial				
Consumer			1	1
Total other loans			1	1
Total loans	$ 501	$	$ 1,355	$ 1,856
Total loans:				
Real estate loans:				

One- to four-family first mortgage	$ 785	$	$ 42	$ 827
Home equity loans and lines				
Commercial real estate	311		1,246	1,557
Construction and land	91		66	157
Multi-family residential				
Total real estate loans	1,187		1,354	2,541
Other loans:				
Commercial and industrial			710	710
Consumer			1	1
Total other loans			711	711
Total loans	$ 1,187	$	$ 2,065	$ 3,252

Table of Contents

	As of December 31, 2014			
(dollars in thousands)	**Current**	**Past Due Greater Than 30 Days**	**Nonaccrual TDRs**	**Total TDRs**
Originated loans:				
Real estate loans:				
One- to four-family first mortgage	$	$	$ 291	$ 291
Home equity loans and lines				
Commercial real estate	111			111
Construction and land	103			103
Multi-family residential				
Total real estate loans	214		291	505
Other loans:				
Commercial and industrial			730	730
Consumer				
Total other loans			730	730
Total loans	$ 214	$	$ 1,021	$ 1,235
Acquired loans:				
Real estate loans:				
One- to four-family first mortgage	$ 432	$ 77	$ 49	$ 558
Home equity loans and lines				
Commercial real estate			967	967
Construction and land			117	117
Multi-family residential				
Total real estate loans	432	77	1,133	1,642
Other loans:				
Commercial and industrial				
Consumer	2		2	4
Total other loans	2		2	4
Total loans	$ 434	$ 77	$ 1,135	$ 1,646
Total loans:				
Real estate loans:				
One- to four-family first mortgage	$ 432	$ 77	$ 340	$ 849
Home equity loans and lines				
Commercial real estate	111		967	1,078
Construction and land	103		117	220

Multi-family residential				
Total real estate loans	646	77	1,424	2,147
Other loans:				
Commercial and industrial			730	730
Consumer	2		2	4
Total other loans	2		732	734
Total loans	$ 648	$ 77	$ 2,156	$ 2,881

None of the above referenced TDRs defaulted subsequent to the restructuring through the date the financial statements were issued. The Company restructured, as a TDR, one loan totaling $201,000 during the second quarter of 2015.

7. Fair Value Measurements and Disclosures

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The Company groups assets and liabilities measured or disclosed at fair value in three levels as required by ASC 820, *Fair Value Measurements and Disclosures*. Under this guidance, fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure fair value. The hierarchy requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels used to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

An asset s or liability s categorization within the fair value hierarchy is based upon the lowest level that is significant to the fair value measurement. Management reviews and updates the fair value hierarchy classifications of the Company s assets and liabilities quarterly.

Table of Contents

Recurring Basis

Investment Securities Available for Sale

Fair values of investment securities available for sale are primarily measured using information from a third-party pricing service. This pricing service provides pricing information by utilizing pricing models supported with market data information. Standard inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities bids, offers and other reference data from market research publications. If quoted prices are available in an active market, investment securities are classified as Level 1 measurements. If quoted prices are not available in an active market, fair values are estimated primarily by the use of pricing models. Level 2 investment securities are primarily comprised of mortgage-backed securities issued by government agencies and U.S. government-sponsored enterprises. In certain cases, where there is limited or less transparent information provided by the Company s third-party pricing service, fair value is estimated by the use of secondary pricing services or through the use of non-binding third-party broker quotes. Investment securities are classified within Level 3 when little or no market activity supports the fair value.

Management primarily identifies investment securities which may have traded in illiquid or inactive markets by identifying instances of a significant decrease in the volume and frequency of trades, relative to historical levels, as well as instances of a significant widening of the bid-ask spread in the brokered markets. Investment securities that are deemed to have been trading in illiquid or inactive markets may require the use of significant unobservable inputs. For example, management may use quoted prices for similar investment securities in the absence of a liquid and active market for the investment securities being valued. As of June 30, 2015, management did not make adjustments to prices provided by the third-party pricing service as a result of illiquid or inactive markets.

The following tables present the balances of assets and liabilities measured for fair value on a recurring basis as of June 30, 2015 and December 31, 2014.

		Fair Value Measurements Using		
(dollars in thousands)	**June 30, 2015**	**Level 1**	**Level 2**	**Level 3**
Available for sale securities:				
U.S. agency mortgage-backed	$ 126,961	$	$ 126,961	$
Non-U.S. agency mortgage-backed	6,993		6,993	
Municipal bonds	23,534		23,534	
U.S. government agency	20,591		20,591	
Total	$ 178,079	$	$ 178,079	$

		Fair Value Measurements Using		
(dollars in thousands)	**December 31, 2014**	**Level 1**	**Level 2**	**Level 3**
Available for sale securities:				
U.S. agency mortgage-backed	$ 121,498	$	$ 121,498	$
Non-U.S. agency mortgage-backed	7,764		7,764	
Municipal bonds	24,896		24,896	
U.S. government agency	20,643		20,643	

Total	$	174,801	$	$	174,801	$	

The Company did not record any liabilities at fair value for which measurement of the fair value was made on a recurring basis.

Table of Contents

Nonrecurring Basis

In accordance with the provisions of ASC 310, *Receivables*, the Company records loans considered impaired at fair value. A loan is considered impaired if it is probable the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Fair value is measured at the fair value of the collateral for collateral-dependent loans. For non-collateral-dependent loans, fair value is measured by present valuing expected future cash flows. Impaired loans are classified as Level 3 assets when measured using appraisals from external parties of the collateral less any prior liens and when there is no observable market price. Repossessed assets are initially recorded at fair value less estimated costs to sell. The fair value of repossessed assets is based on property appraisals and an analysis of similar properties available. As such, the Company classifies repossessed assets as Level 3 assets.

Acquired loans, acquired FHLB advances, and acquired interest-bearing deposit liabilities are measured on a nonrecurring basis using significant unobservable inputs (Level 3).

The Company has segregated all financial assets and liabilities that are measured at fair value on a nonrecurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below.

		Fair Value Measurements Using		
(dollars in thousands)	**June 30, 2015**	**Level 1**	**Level 2**	**Level 3**
Assets				
Acquired loans with deteriorated credit quality	$ 22,274	$	$	$ 22,274
Acquired loans without deteriorated credit quality	151,336			151,336
Impaired loans, excluding acquired loans	1,226			1,226
Repossessed assets	6,204			6,204
Total	$ 181,040	$	$	$ 181,040
Liabilities				
Deposits acquired through business combinations	$ 60,577	$	$	$ 60,577
Securities sold under repurchase agreement	20,037			20,037
Total	$ 80,614	$	$	$ 80,614

		Fair Value Measurements Using		
(dollars in thousands)	**December 31, 2014**	**Level 1**	**Level 2**	**Level 3**

Assets				
Acquired loans with deteriorated credit quality	$ 31,908	$	$	$ 31,908
Acquired loans without deteriorated credit quality	171,206			171,206
Impaired loans, excluding acquired loans	1,843			1,843
Repossessed assets	5,214			5,214
Total	$ 210,171	$	$	$ 210,171
Liabilities				
Deposits acquired through business combinations	$ 69,178	$	$	$ 69,178
Securities sold under repurchase agreement	20,371			20,371
Total	$ 89,549	$	$	$ 89,549

ASC 820, *Fair Value Measurements and Disclosures*, requires the disclosure of each class of financial instruments for which it is practicable to estimate. The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. ASC 820 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial statements. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates included herein are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the fair value of assets and liabilities that are not required to be recorded or disclosed at fair value like premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

The carrying value of cash and cash equivalents and interest-bearing deposits in banks approximate their fair value.

The fair value for investment securities is determined from quoted market prices when available. If a quoted market price is not available, fair value is estimated using third party pricing services or quoted market prices of securities with similar characteristics.

The carrying value of mortgage loans held for sale approximates their fair value.

The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturity.

The cash surrender value of bank-owned life insurance (BOLI) approximates its fair value.

The fair value of customer deposits, excluding certificates of deposit, is the amount payable on demand. The fair value of fixed-maturity certificates of deposit is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities.

The fair value of short-term FHLB advances is the amount payable at maturity. The fair value of long-term FHLB advances is estimated by discounting the future cash flows using the rates currently offered for advances of similar maturities.

The carrying value of the securities sold under repurchase agreement is its fair value.

Table of Contents

The following table presents estimated fair values of the Company s financial instruments as of the dates indicated.

(dollars in thousands)	Carrying Amount	Fair Value Measurements at June 30, 2015 Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 30,228	$ 30,228	$ 30,228	$	$
Interest-bearing deposits in banks	5,526	5,526	5,526		
Investment securities available for sale	178,079	178,079		178,079	
Investment securities held to maturity	14,489	14,543		14,543	
Mortgage loans held for sale	6,696	6,696		6,696	
Loans, net	907,086	914,304			914,304
Cash surrender value of BOLI	19,420	19,420	19,420		
Financial Liabilities					
Deposits	$ 1,030,972	$ 1,031,262	$	$ 970,685	$ 60,577
Short-term FHLB advances					
Long-term FHLB advances	19,000	19,402		19,402	
Securities sold under repurchase agreement	20,037	20,037			20,037

(dollars in thousands)	Carrying Amount	Fair Value Measurements at December 31, 2014 Total	Level 1	Level 2	Level 3
Financial Assets					
Cash and cash equivalents	$ 29,078	$ 29,078	$ 29,078	$	$
Interest-bearing deposits in banks	5,526	5,526	5,526		
Investment securities available for sale	174,801	174,801		174,801	
Investment securities held to maturity	11,705	11,889		11,889	
Mortgage loans held for sale	4,517	4,517		4,517	
Loans, net	901,208	908,346			908,346
Cash surrender value of BOLI	19,163	19,163	19,163		
Financial Liabilities					
Deposits	$ 993,573	$ 993,994	$	$ 924,816	$ 69,178
Short-term FHLB advances	31,000	31,000	31,000		
Long-term FHLB advances	16,500	16,987		16,987	
Securities sold under repurchase agreement	20,371	20,371			20,371

Table of Contents

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.

The purpose of this discussion and analysis is to focus on significant changes in the financial condition of Home Bancorp, Inc. (the Company) and its wholly owned subsidiary, Home Bank, N. A. (the Bank), from December 31, 2014 through June 30, 2015 and on its results of operations for the three and six months ended June 30, 2015 and June 30, 2014. This discussion and analysis is intended to highlight and supplement information presented elsewhere in this quarterly report on Form 10-Q, particularly the consolidated financial statements and related notes appearing in Item 1.

Forward-Looking Statements

To the extent that statements in this Form 10-Q relate to future plans, objectives, financial results or performance of the Company or Bank, these statements are deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements, which are based on management s current information, estimates and assumptions and the current economic environment, are generally identified by the use of words such as plan , believe , expect , intend , anticipate , estimate , project or similar expressions, or by futur conditional terms such as will , would , should , could , may , likely , probably , or possibly . The Company actual strategies and results in future periods may differ materially from those currently expected due to various risks and uncertainties. Factors that may cause actual results to differ materially from these forward-looking statements include, but are not limited to, the risk factors described under the heading Risk Factors in the Company s Annual Report on Form 10-K filed with the Securities Exchange Commission (SEC) for the year ended December 31, 2014. The Company undertakes no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date on which such statements were made.

EXECUTIVE OVERVIEW

On June 18, 2015, the Company entered into a definitive agreement with Louisiana Bancorp Inc., the holding company of the 105-year-old Bank of New Orleans, providing for the merger of LABC with and into the Company and the subsequent merger of Bank of New Orleans with and into the Bank. The holding companies for each bank will also merge. Under the terms of the agreement, shareholders of Louisiana Bancorp will receive $24.25 per share in cash upon completion of the merger. The merger, which is expected to be completed in the fourth quarter of 2015, is subject to Louisiana Bancorp shareholder approval, regulatory approval and other customary conditions. Upon completion of the merger, the combined company will have total assets of approximately $1.5 billion, $1.2 billion in loans and $1.2 billion in deposits.

During the second quarter of 2015, the Company earned $2.8 million, an increase of $87,000, or 3.2%, compared to the second quarter of 2014. Diluted earnings per share for the second quarter of 2015 were $0.41, an increase of $0.01 per share, or 2.5%, compared to the second quarter of 2014. The three and six months ended June 30, 2015 included $232,000 net of tax expenses related to the pending acquisition of Louisiana Bancorp. The three and six months ended June 30, 2014 included $218,000 and $1.5 million, respectively, of net of tax expenses related to the acquisition of Britton & Koontz Capital Corporation (Britton & Koontz) in February 2014. Excluding merger-related expenses, net income for the second quarter of 2015 increased 3.4% compared to the second quarter of 2014 (see the Non-GAAP Reconciliation on page 28). Excluding merger-related expenses, diluted earnings per share for the second quarter of 2015 increased 2.3% compared to the second quarter of 2014.

During the six months ended June 30, 2015, the Company earned $5.7 million, an increase of $1.5 million, or 35.9%, compared to the six months ended June 30, 2014. Diluted earnings per share for the six months ended June 30, 2015 were $0.82, an increase of $0.21, or 34.4%, compared to the six months ended June 30, 2014. Excluding merger-related expenses, net income for the six months ended June 30, 2015 increased 3.5% compared to the six months ended June 30, 2014. Excluding merger-related expenses, diluted earnings per share for the six months ended June 30, 2015 increased 2.4% compared to the six months ended June 30, 2014.

Table of Contents

Key components of the Company s performance during the three and six months ended June 30, 2015 are summarized below.

Assets totaled $1.2 billion as of June 30, 2015, up $13.4 million, or 1.1%, from December 31, 2014. The increase was primarily the result of a $6.6 million increase in loans and a $6.1 million increase in investment securities.

Loans as of June 30, 2015 were $915.6 million, an increase of $6.6 million, or 0.7%, from December 31, 2014. The increase was primarily the result of increases in commercial and industrial loans (up $10.7 million) and construction and land loans (up $5.0 million),.

Total deposits as of June 30, 2015 were $1.0 billion, an increase of $37.4 million, or 3.8%, from December 31, 2014. Core deposits (i.e., checking, savings, and money market accounts) totaled $819.9 million as of June 30, 2015, an increase of $47.1 million, or 6.1%, from December 31, 2014. The increase in core deposits was primarily driven by increases in money market (up $30.5 million) and NOW accounts (up $13.1 million).

The Company purchased 49,200 shares of its common stock during the second quarter of 2015 at an average price per share of $22.11. As of June 30, 2015, an additional 38,396 shares remain eligible for purchase under the share repurchase plan announced in June 2013.

Interest income decreased $352,000, or 2.5%, in the second quarter of 2015, compared to the second quarter of 2014. For the six months ended June 30, 2015, interest income increased $387,000, or 1.5%, compared to the six months ended June 30, 2014. Interest income remained relatively stable due to a decrease in the average yield earned on loans, which offset an increase in average loan volume in the quarter and six months ended June 30, 2015 compared to the prior comparable period.

Interest expense decreased $15,000, or 1.8%, from the second quarter of 2015 compared to the second quarter of 2014. For the six months ended June 30, 2015, interest expense increased $42,000, or 2.7%, compared to the six months ended June 30, 2014. The average cost of interest-bearing liabilities remained relatively unchanged while the mix in volume of interest bearing liabilities shifted for the quarter and six months ended June 30, 2015 compared to the prior comparable period.

The provision for loan losses totaled $294,000 for the second quarter of 2015, a decrease of $517,000, or 63.7%, compared to the second quarter of 2014. For the six months ended June 30, 2015, the provision for loan losses decreased $123,000, or 12.9%, from the six months ended June 30, 2014. At June 30, 2015, the Company s ratio of allowance for loan losses to total loans was 0.92%, compared to 0.85% at June 30, 2014. Net loan charge-offs for the first six months of 2015 were $126,000 compared to net charge-offs of $116,000 during the first six months of 2014.

Noninterest income for the second quarter of 2015 decreased $213,000, or 9.5%, compared to the second quarter of 2014, due primarily to decreased gains on the sale of loans. For the six months ended June 30, 2015, noninterest income increased $209,000, or 5.4%, compared to the six months ended June 30, 2014. The increase resulted primarily from increases in bank card fees and service fees and charges.

Noninterest expense for the second quarter of 2015 decreased $142,000, or 1.4%, compared to the second quarter of 2014. Noninterest expense for the six months ended June 30, 2015 decreased 7.8% compared to the six months ended June 30, 2014. Noninterest expense includes merger expenses related to the pending acquisition of Louisiana Bancorp of $256,000 for the three and six months ended June, 30, 2015 and Britton & Koontz of $331,000 and $2.3 million for the three and six months ended June 30, 2014, respectively. Excluding pre-tax merger-related expenses, noninterest expense decreased $67,000, or 0.7%, for the second quarter of 2015 compared to the second quarter of 2014. Excluding merger-related expenses, noninterest expense increased $350,000, or 1.8%, for the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

The discussion and analysis contains financial information prepared other than in accordance with generally accepted accounting principles (GAAP). The Company uses these non-GAAP financial measures in their

27

Table of Contents

analysis of the Company s performance. Management believes that the non-GAAP information provides useful data in understanding the Company s operations and in comparing the Company s results of operation to peers. This non-GAAP information should be considered in addition to the Company s financial information prepared in accordance with GAAP, and is not a substitute for, or superior to, GAAP results. Reconciliation of GAAP to non-GAAP disclosures is included in the table below.

Non-GAAP Reconciliation

	For the Three Months Ended		For the Six Months Ended	
(dollars in thousands)	**June 30, 2015**	**June 30, 2014**	**June 30, 2015**	**June 30, 2014**
Reported noninterest expense	$ 10,228	$ 10,371	$ 19,947	$ 21,627
Less: Merger-related expenses	(256)	(331)	(256)	(2,286)
Non-GAAP noninterest expense	$ 9,972	$ 10,039	$ 19,691	$ 19,341
Reported net income	$ 2,840	$ 2,753	$ 5,688	$ 4,186
Add: Merger-related expenses (after tax)	232	218	232	1,534
Non-GAAP net income	$ 3,072	$ 2,971	$ 5,920	$ 5,720
Diluted EPS	$ 0.41	$ 0.40	$ 0.82	$ 0.61
Add: Merger-related expenses	0.03	0.03	0.03	0.22
Non-GAAP EPS	$ 0.44	$ 0.43	$ 0.85	$ 0.83

FINANCIAL CONDITION

Loans, Asset Quality and Allowance for Loan Losses

Loans Loans outstanding as of June 30, 2015 were $915.6 million, an increase of $6.6 million, or 0.7%, from December 31, 2014. The increase was primarily the result of increases in commercial and industrial loans (up $10.7 million), construction and land loans (up $5.0 million), and multifamily residential loans ($3.2 million), which were partially offset by a $12.3 million decrease in commercial real estate loans.

The following table summarizes the composition of the Company s loan portfolio as of the dates indicated.

	June 30,	December 31,	Increase/(Decrease)	
(dollars in thousands)	**2015**	**2014**	**Amount**	**Percent**
Real estate loans:				
One- to four-family first mortgage	$ 233,492	$ 233,249	$ 243	0.1%
Home equity loans and lines	54,923	56,000	(1,077)	(1.9)
Commercial real estate	340,595	352,863	(12,268)	(3.5)

Construction and land	94,145	89,154	4,991	5.6
Multi-family residential	30,601	27,375	3,226	11.8
Total real estate loans	753,756	758,641	(4,885)	(0.6)
Other loans:				
Commercial and industrial	115,143	104,446	10,697	10.2
Consumer	46,653	45,881	772	1.7
Total other loans	161,796	150,327	11,469	7.6
Total loans	$ 915,552	$ 908,968	$ 6,584	0.7%

Asset Quality One of management s key objectives has been, and continues to be, maintaining a high level of asset quality. In addition to maintaining credit standards for new loan originations, we proactively monitor loans and collection and workout processes of delinquent or problem loans. When a borrower fails to make a scheduled payment, we attempt to cure the deficiency by making personal contact with the borrower. Initial contacts are generally made within 10 days after the date payment is due. In most cases, deficiencies are promptly resolved. If the delinquency continues, late charges are assessed and additional efforts are made to collect the deficiency. All loans which are designated as special mention, classified or which are delinquent 90 days or more are reported to the Board of Directors of the Bank monthly. For loans where the collection of principal or interest payments is doubtful, the accrual of interest income ceases. It is our policy, with certain limited exceptions, to discontinue accruing interest and reverse any interest accrued on any loan which is 90 days or more past due. On occasion, this action may be taken earlier if the financial condition of the borrower raises significant concern with regard to his/her ability to service the debt in accordance with the terms of the loan agreement. Interest income is not accrued on these loans until the borrower s financial condition and payment record demonstrate an ability to service the debt.

Repossessed assets which are acquired as a result of foreclosure are classified as repossessed assets until sold. Third party property valuations are obtained at the time the asset is repossessed and periodically until the property is liquidated. Repossessed assets are recorded at the lesser of the balance of the loan or fair value less estimated selling costs, at the date acquired or upon receiving new property valuations. Costs associated with acquiring and improving a foreclosed property are usually capitalized to the extent that the carrying value does not exceed fair value less estimated selling costs. Holding costs are charged to expense. Gains and losses on the sale of repossessed assets are charged to operations, as incurred.

An impaired loan generally is one for which it is probable, based on current information, that the lender will not collect all the amounts due under the contractual terms of the loan. Large groups of smaller balance, homogeneous loans are collectively evaluated for impairment. Loans collectively evaluated for impairment include smaller balance commercial loans, residential real estate loans and consumer loans. These loans are evaluated as a group because they have similar characteristics and performance experience. Larger (i.e., loans with balances of $100,000 or greater) commercial real estate loans, multi-family residential loans, construction and land loans and commercial and industrial loans are individually evaluated for impairment. Third party property valuations are obtained at the time of origination for real estate secured loans. When a determination is made that a loan has deteriorated to the point of becoming a problem loan, updated valuations may be ordered to help determine if there is impairment, which may lead to a recommendation for partial charge off or appropriate allowance allocation. Property valuations are ordered through, and are reviewed by, an appraisal officer. The Company typically orders an as is valuation for collateral property if the loan is in a criticized loan classification. The Board of Directors is provided with monthly reports on impaired loans. As of June 30, 2015 and December 31, 2014, loans individually evaluated for impairment, excluding acquired loans, amounted to $1.4 million and $2.0 million, respectively. As of June 30, 2015 and December 31, 2014, substandard loans, excluding acquired loans, amounted to $6.8 million and $7.2 million, respectively. The amount of the allowance for loan losses allocated to impaired or substandard loans originated by Home Bank totaled $187,000 as of June 30, 2015 and $140,000 as of December 31, 2014. There were no assets classified as doubtful or loss as of June 30, 2015 or December 31, 2014.

Federal regulations and our policies require that we utilize an internal asset classification system as a means of reporting problem and potential problem assets. We have incorporated an internal asset classification system, substantially consistent with Federal banking regulations, as a part of our credit monitoring system. Federal banking regulations set forth a classification scheme for problem and potential problem assets as substandard, doubtful or loss assets. An asset is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets include those characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Assets classified as doubtful have all of the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses present make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted.

A bank s determination as to the classification of its assets and the amount of its valuation allowances is subject to review by Federal bank regulators which can order the establishment of additional general or specific loss allowances. The Federal banking agencies have adopted an interagency policy statement on the allowance for loan and lease losses. The policy statement provides guidance for financial institutions on both the responsibilities of management for the assessment and establishment of allowances and guidance for banking agency examiners to use in determining the adequacy of general valuation guidelines. Generally, the policy statement recommends that institutions have effective systems and controls to identify, monitor and address asset quality problems; that management analyzes all significant factors that affect the collectability of the portfolio in a reasonable manner; and that management establishes acceptable allowance evaluation processes that meet the objectives set forth in the policy statement. Our management believes that, based on information currently available, our allowance for loan losses is maintained at a level which covers all known and inherent losses that are both probable and reasonably estimable as of each reporting date. However, actual losses are dependent upon future events and, as such, further additions to the level of allowance for loan losses may become necessary.

Real estate, or other collateral, which is acquired as a result of foreclosure is classified as a foreclosed asset until sold. Foreclosed assets are recorded at the lesser of the balance of the loan or fair value less estimated selling costs, at the date acquired or upon receiving new property valuations. Holding costs are charged to expense. Gains and losses on the sale of real estate owned are charged to operations, as incurred.

The following table sets forth the composition of the Company s nonperforming assets (NPAs) and performing troubled debt restructurings as of the dates indicated.

	June 30, 2015			December 31, 2014		
(dollars in thousands)	**Originated**	**Acquired(1)**	**Total**	**Originated**	**Acquired(1)**	**Total**
Nonaccrual loans:						
Real estate loans:						
One- to four-family first mortgage	$ 530	$ 3,984	$ 4,514	$ 1,429	$ 5,072	$ 6,501
Home equity loans and lines	127	292	419	65	482	547
Commercial real estate	617	2,840	3,457	829	5,498	6,327
Construction and land	100	423	523		5,356	5,356
Multi-family residential		792	792		1,770	1,770
Other loans:						
Commercial and industrial	1,133	839	1,972	1,191	1,168	2,359
Consumer	310	72	382	329	92	421
Total nonaccrual loans	2,817	9,242	12,059	3,843	19,438	23,281
Accruing loans 90 days or more past due						
Total nonperforming loans	2,817	9,242	12,059	3,843	19,438	23,281
Foreclosed assets	1,832	4,372	6,204	1,835	3,380	5,215
Total nonperforming assets	4,649	13,614	18,263	5,678	22,818	28,496
Performing troubled debt restructurings	686	501	1,187	214	510	724
Total nonperforming assets and troubled debt restructurings	$ 5,335	$ 14,115	$ 19,450	$ 5,892	$ 23,328	$ 29,220
Nonperforming loans to total loans			1.32%			2.56%
Nonperforming loans to total assets			0.98%			1.91%
Nonperforming assets to total assets			1.48%			2.33%

(1)

Includes $6.7 million and $15.1 million in acquired loans accounted for under ASC 310-30 at June 30, 2015 and December 31, 2014, respectively. Excluding acquired loans and assets, ratios for nonperforming loans to total loans, nonperforming loans to total assets and nonperforming assets to total assets were 0.38%, 0.27% and 0.44%, respectively, at June 30, 2015.

Net loan charge-offs for the second quarter of 2015 were $100,000, compared to net charge-offs of $157,000 for the second quarter of 2014. Net loan charge-offs for the six months ended June 30, 2015 were $126,000 compared to $116,000 for the six months ended June 30, 2014.

Allowance for Loan Losses The allowance for loan losses is established through provisions for loan losses. The Company maintains the allowance at a level believed, to the best of management s knowledge, to cover all known and inherent losses in the portfolio that are both probable and reasonable to estimate at each reporting date. Management reviews the allowance for loan losses at least quarterly in order to identify those inherent losses and to assess the overall collection probability for the loan portfolio. The evaluation process includes, among other things, an analysis of delinquency trends, nonperforming loan trends, the level of charge-offs and recoveries, prior loss experience, total loans outstanding, the volume of loan originations, the type, size and

Table of Contents

geographic concentration of loans, the value of collateral securing loans, the borrower s ability to repay and repayment performance, the number of loans requiring heightened management oversight, economic conditions and industry experience. Based on this evaluation, management assigns risk ratings to segments of the loan portfolio. Such risk ratings are periodically reviewed by management and revised as deemed appropriate. These efforts are supplemented by reviews and validations performed by independent loan reviewers. The results of the reviews are reported to the Audit Committee of the Board of Directors. The establishment of the allowance for loan losses is significantly affected by management judgment. There is likelihood that different amounts would be reported under different conditions or assumptions. Federal regulatory agencies, as an integral part of their examination process, periodically review our allowance for loan losses. Such agencies may require management to make additional provisions for estimated loan losses based upon judgments different from those of management.

With respect to acquired loans, the Company follows the reserve standard set forth in ASC 310, *Receivables*. At acquisition, the Company reviews each loan to determine whether there is evidence of deterioration in credit quality since origination and if it is probable that the Company will be unable to collect all amounts due according to the loan s contractual terms. The Company considers expected prepayments and estimates the amount and timing of undiscounted expected principal, interest and other cash flows for each loan pool meeting the criteria above, and determines the excess of the loan pool s scheduled contractual principal and interest payments in excess of cash flows expected at acquisition as an amount that should not be accreted (nonaccretable difference). The remaining amount, representing the excess of the pool s cash flows expected to be collected over the fair value, is accreted into interest income over the remaining life of the pool (accretable yield). The Company records a discount on these loans at acquisition to record them at their estimated fair values. As a result, acquired loans subject to ASC 310 are excluded from the calculation of the allowance for loan losses as of the acquisition date. See Note 6 to the Unaudited Consolidated Financial Statements for additional information concerning our allowance for Acquired loans.

Acquired loans were recorded at their acquisition date fair value, which was based on expected cash flows and included an estimation of expected future loan losses. Under current accounting principles, additional losses after the acquisition date are reflected as a provision to the allowance for loan losses. As June 30, 2015 and December 31, 2014, $135,000 and $124,000, respectively of our allowance for loan losses was allocated to acquired loans with deteriorated credit quality.

We will continue to monitor and modify our allowance for loan losses as conditions warrant. No assurance can be given that our level of allowance for loan losses will cover all of the inherent losses on our loans or that future adjustments to the allowance for loan losses will not be necessary if economic and other conditions differ substantially from the conditions used by management to determine the current level of the allowance for loan losses.

The following table presents the activity in the allowance for loan losses during the first six months of 2015.

(dollars in thousands)	**Originated**	**Acquired**	**Total**
Balance, December 31, 2014	$ 7,342	$ 418	$ 7,760
Provision charged to operations	748	85	833
Loans charged off	(124)	(109)	(233)
Recoveries on charged off loans	106		106
Balance, June 30, 2015	$ 8,072	$ 394	$ 8,466

At June 30, 2015, the Company s ratio of allowance for loan losses to total loans was 0.92%, compared to 0.85% at December 31, 2014 and June 30, 2014. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.09% at June 30, 2015, compared to 1.04% and 1.10% at December 31, 2014 and June 30, 2014, respectively.

Table of Contents

Investment Securities

The Company s investment securities portfolio totaled $192.6 million as of June 30, 2015, an increase of $6.1 million, or 3.3%, from December 31, 2014. As of June 30, 2015, the Company had a net unrealized gain on its available for sale investment securities portfolio of $1.7 million, compared to $2.0 million as of December 31, 2014. The investment securities portfolio had a modified duration of 3.7 and 3.8 years at June 30, 2015 and December 31, 2014, respectively.

The following table summarizes activity in the Company s investment securities portfolio during the first six months of 2015.

(dollars in thousands)	**Available for Sale**	**Held to Maturity**
Balance, December 31, 2014	$ 174,801	$ 11,705
Purchases	18,713	2,928
Sales		
Principal payments and calls	(14,550)	
Accretion of discounts and amortization of premiums, net	(600)	(144)
Decrease in market value	(285)	
Balance, June 30, 2015	$ 178,079	$ 14,489

Funding Sources

Deposits Deposits totaled $1.0 billion as of June 30, 2015, an increase of $37.4 million, or 3.8%, compared to December 31, 2014. Core deposits totaled $819.9 million as of June 30, 2015, an increase of $47.1 million, or 6.1%, compared to December 31, 2014. The increase in deposits during the first six months of 2015 was related primarily to money market accounts (up $30.5 million), NOW accounts (up $13.1 million) and savings accounts (up $5.0 million).

The following table sets forth the composition of the Company s deposits at the dates indicated.

(dollars in thousands)	**June 30, 2015**	**December 31, 2014**	**Increase (Decrease) Amount**	**Percent**
Demand deposit	$ 266,204	$ 267,660	$ (1,456)	(0.5)%
Savings	86,154	81,145	5,009	6.2
Money market	249,938	219,456	30,482	13.9
NOW	217,641	204,536	13,105	6.4
Certificates of deposit	211,035	220,775	(9,740)	(4.4)
Total deposits	$ 1,030,972	$ 993,572	$ 37,400	3.8%

Federal Home Loan Bank Advances Short-term FHLB advances totaled $31.0 million as of December 31, 2014. No short-term FHLB advances were outstanding as of June 30, 2015. Long-term FHLB advances totaled $19.0 million as of June 30, 2015, compared to $16.5 million as of December 31, 2014.

Securities Sold Under Repurchase Agreements Securities sold under repurchase agreements totaled $20.0 million as of June 30, 2015 with a July 2015 maturity date and an effective interest rate of 0.36%. The underlying securities are U.S. Government obligations and obligations of other U.S. Government agencies. At June 30, 2015, these securities had coupon rates ranging from 1.25% to 3.75% and maturity dates ranging from 2016 to 2028.

Shareholders Equity Shareholders equity increased $4.8 million, or 3.1%, from $154.1 million as of December 31, 2014 to $158.9 million as of June 30, 2015.

Table of Contents

As of June 30, 2015, the Company had regulatory capital that was well in excess of regulatory requirements. The following table details the Company s actual levels and current regulatory capital requirements as of June 30, 2015.

	Actual		Required for Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
(dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Tier 1 risk-based capital	$ 154,098	16.38%	$ 37,621	4.00%	$ 56,431	6.00%
Common equity tier 1 capital	154,098	16.38	42,324	4.50	61,134	6.50
Total risk-based capital	162,564	17.28	75,242	8.00	94,052	10.00
Tier 1 leverage capital	154,098	12.37	37,621	4.00	47,026	5.00
Tangible capital	154,098	12.37	14,108	1.50	N/A	N/A

LIQUIDITY AND ASSET/LIABILITY MANAGEMENT

Liquidity Management

Liquidity management encompasses our ability to ensure that funds are available to meet the cash flow requirements of depositors and borrowers, while also ensuring adequate cash flow exists to meet the Company s needs, including operating, strategic and capital. The Company develops its liquidity management strategies as part of its overall asset/liability management process. Our primary sources of funds are from deposits, amortization of loans, loan prepayments and the maturity of loans, investment securities and other investments, and other funds provided from operations. While scheduled payments from the amortization of loans and investment securities and maturing investment securities are relatively predictable sources of funds, deposit flows and loan prepayments can be greatly influenced by general interest rates, economic conditions and competition. The Company also maintains excess funds in short-term, interest-bearing assets that provide additional liquidity. As of June 30, 2015, cash and cash equivalents totaled $30.2 million. At such date, investment securities available for sale totaled $178.1 million.

The Company uses its liquidity to fund existing and future loan commitments, to fund maturing certificates of deposit and demand deposit withdrawals, to invest in other interest-earning assets, and to meet operating expenses. As of June 30, 2015, certificates of deposit maturing within the next 12 months totaled $150.5 million. Based upon historical experience, the Company anticipates that a significant portion of the maturing certificates of deposit will be redeposited with us. For the three months ended June 30, 2015, the average balance of our outstanding FHLB advances was $19.1 million. As of June 30, 2015, the Company had $19.0 million in total outstanding FHLB advances and had $452.5 million in additional FHLB advances available.

In addition to cash flow from loan and securities payments and prepayments as well as from sales of securities available for sale, the Company has significant borrowing capacity available to fund liquidity needs. In recent years, the Company has utilized borrowings as a cost efficient addition to deposits as a source of funds. Our borrowings consist of advances from the FHLB of Dallas, of which the Company is a member. Under terms of the collateral agreement with the FHLB, the Company pledges residential mortgage loans and investment securities as well as the Company s stock in the FHLB as collateral for such advances.

Asset/Liability Management

The objective of asset/liability management is to implement strategies for the funding and deployment of the Company s financial resources that are expected to maximize soundness and profitability over time at acceptable levels of risk. Interest rate sensitivity is the potential impact of changing rate environments on both net interest income and cash flows. The Company measures its interest rate sensitivity over the near term primarily by running net interest income simulations.

Table of Contents

Our interest rate sensitivity also is monitored by management through the use of a model which generates estimates of the change in its net interest income over a range of interest rate scenarios. Based on the Company s interest rate risk model, the table below sets forth the results of immediate and sustained changes in interest rates as of June 30, 2015.

Shift in Interest Rates (in bps)	% Change in Projected Net Interest Income
+300	(0.4)%
+200	(0.1)
+100	0.1

The actual impact of changes in interest rates will depend on many factors. These factors include the Company s ability to achieve expected growth in earning assets and maintain a desired mix of earning assets and interest-bearing liabilities, the actual timing of asset and liability repricings, the magnitude of interest rate changes and corresponding movement in interest rate spreads, and the level of success of asset/liability management strategies.

Off-Balance Sheet Activities

To meet the financing needs of its customers, the Bank issues financial instruments which represent conditional obligations that are not recognized, wholly or in part, in the statements of financial condition. These financial instruments include commitments to extend credit and standby letters of credit. Such instruments expose the Company to varying degrees of credit and interest rate risk in much the same way as funded loans. The same credit policies are used in these commitments as for on-balance sheet instruments. The Company s exposure to credit losses from these financial instruments is represented by their contractual amounts.

The following table summarizes our outstanding commitments to originate loans and to advance additional amounts pursuant to outstanding letters of credit, lines of credit and undisbursed construction loans as of June 30, 2015 and December 31, 2014.

	Contract Amount	
(dollars in thousands)	June 30, 2015	December 31, 2014
Standby letters of credit	$ 4,912	$ 5,405
Available portion of lines of credit	110,026	107,242
Undisbursed portion of loans in process	53,228	54,200
Commitments to originate loans	99,574	96,506

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to be drawn upon, the total commitment amounts generally represent future cash requirements.

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

The Company is subject to certain claims and litigation arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material effect on the financial condition or results of operations of the Company.

RESULTS OF OPERATIONS

During the second quarter of 2015, the Company earned $2.8 million, an increase of $87,000, or 3.2%, compared to the second quarter of 2014. The second quarter of 2015 includes $256,000 of pre-tax merger-related expenses related to the pending acquisition of Louisiana Bancorp. The second quarter of 2014 includes $331,000 of pre-tax merger related expenses related to the acquisition of Britton & Koontz. Excluding merger-related expenses, net income for the second quarter of 2015 increased 3.4% compared to the second quarter of 2014. Diluted earnings per share for the second quarter of 2015 were $0.41, an increase of $0.01 per share, or 2.5%, compared to the second quarter of 2014. Excluding merger-related expenses, diluted earnings per share for the second quarter of 2015 increased 2.3% compared to the second quarter of 2014.

During the six months ended June 30, 2015, the Company earned $5.7 million, an increase of $1.5 million, or 35.9%, compared to the six months ended June 30, 2014. The first six months of 2015 includes $256,000 of pre-tax merger-related expenses related to the pending acquisition of Louisiana Bancorp. The first six months of 2014 includes $2.3 million of pre-tax merger related expenses related to the acquisition of Britton & Koontz. Excluding merger-related expenses, net income for the six months ended June 30, 2015 increased 3.5% compared to the six months ended June 30, 2014. Diluted earnings per share for the six months ended June 30, 2015 were $0.82, an increase of $0.21, or 34.4%, compared to the six months ended June 30, 2014. Excluding merger-related expenses, diluted earnings per share for the six months ended June 30, 2015 increased 2.4% compared to the six months ended June 30, 2014.

Net Interest Income Net interest income is the difference between the interest income earned on interest-earning assets, such as loans and investment securities, and the interest expense paid on interest-bearing liabilities, such as deposits and borrowings. The Company s net interest income is largely determined by our net interest spread, which is the difference between the average yield earned on interest-earning assets and the average rate paid on interest-bearing liabilities, and the relative amounts of interest-earning assets and interest-bearing liabilities. The Company s tax-equivalent net interest spread was 4.35% and 4.55% for the three months ended June 30, 2015 and June 30, 2014, respectively, and 4.37% and 4.58% for the six months ended June 30, 2015 and June 30, 2014, respectively. The Company s tax-equivalent net interest margin, which is net interest income as a percentage of average interest-earning assets, was 4.47% and 4.64% for the three months ended June 30, 2015 and June 30, 2014, respectively, and 4.49% and 4.68% for the six months ended June 30, 2015 and June 30, 2014, respectively. The decrease in the net interest spread and net interest margin in the 2015 periods related primarily to a decrease in the average yield on loans.

Net interest income totaled $12.8 million for the three months ended June 30, 2015, a decrease of $337,000, or 1.8%, compared to the three months ended June 30, 2014. For the six months ended June 30, 2015, net interest income totaled $25.3 million, an increase of $344,000, or 1.4%, compared to the six months ended June 30, 2014.

Interest income decreased $352,000, or 2.5%, in the second quarter of 2015, compared to the second quarter of 2014. For the six months ended June 30, 2015, interest income increased $387,000, or 1.5%, compared to the six months ended June 30, 2014. Increases in the average balance of loans receivable were offset by decreases of 35 basis points and 32 basis points, respectively, in the average yield on loans during the quarter and six months ended June 30, 2015 from the prior comparable period.

Interest expense decreased $15,000, or 1.8%, from the second quarter of 2015 compared to the second quarter of 2014. For the six months ended June 30, 2015, interest expense increased $42,000, or 2.7%, compared to the six months ended June 30, 2014. During the quarter and six months ended June 30, 2015, the deposit mix continued to reflect a shift to higher levels of core deposits. Core deposits generally have a lower average rate payable than our certificates of deposits. However, given the continuation of low market rates of interest, the effects of the shift in deposit mix was somewhat muted during the quarter and first six months of 2015.

Table of Contents

The following table sets forth, for the periods indicated, information regarding (i) the total dollar amount of interest income of the Company from interest-earning assets and the resultant average yields; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rate; (iii) net interest income; (iv) net interest spread; and (v) net interest margin. Information is based on average monthly balances during the indicated periods. Taxable equivalent (TE) yields are calculated using a marginal tax rate of 35%.

	Three Months Ended June 30,					
	2015			2014		
(dollars in thousands)	**Average Balance**	**Interest**	**Average Yield/ Rate [1]**	**Average Balance**	**Interest**	**Average Yield/ Rate[1]**
Interest-earning assets:						
Loans receivable[1]	$ 915,874	$ 12,621	5.48%	$ 898,123	$ 12,923	5.72%
Investment securities (TE)	187,682	902	2.13	191,732	970	2.22
Other interest-earning assets	40,888	65	0.64	40,828	47	0.46
Total interest-earning assets (TE)	1,144,444	13,588	4.75	1,130,683	13,940	4.94
Noninterest-earning assets	104,788			115,617		
Total assets	$ 1,249,232			$ 1,246,300		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	$ 570,914	$ 316	0.22%	$ 493,892	$ 283	0.23%
Certificates of deposit	213,029	384	0.72	241,107	421	0.70
Total interest-bearing deposits	783,943	700	0.36	734,999	704	0.38
Securities sold under repurchase agreement	20,128	19	0.37	20,819	19	0.36
FHLB advances	19,125	104	2.17	96,169	115	0.48
Total interest-bearing liabilities	823,196	823	0.40	851,987	838	0.39
Noninterest-bearing liabilities	267,377			247,506		
Total liabilities	1,090,573			1,099,493		
Shareholders equity	158,659			146,807		
Total liabilities and shareholders equity	$ 1,249,232			$ 1,246,300		
Net interest-earning assets	$ 321,248			$ 278,696		
Net interest spread (TE)		$ 12,765	4.35%		$ 13,102	4.55%

Net interest margin (TE)	4.47%	4.64%

Table of Contents

	Six Months Ended June 30,					
	2015			2014		
(dollars in thousands)	Average Balance	Interest	Average Yield/ Rate (1)	Average Balance	Interest	Average Yield/ Rate(1)
Interest-earning assets:						
Loans receivable(1)	$ 917,491	$ 24,982	5.44%	$ 845,816	$ 24,407	5.76%
Investment securities (TE)	186,007	1,812	2.15	190,874	2,021	2.34
Other interest-earning assets	27,966	99	0.72	35,997	78	0.44
Total interest-earning assets (TE)	1,131,464	26,893	4.78	1,072,687	26,506	4.98
Noninterest-earning assets	106,262			109,643		
Total assets	$ 1,237,726			$ 1,182,330		
Interest-bearing liabilities:						
Deposits:						
Savings, checking and money market	$ 547,224	$ 607	0.22%	$ 458,552	$ 520	0.23%
Certificates of deposit	216,048	779	0.73	230,167	807	0.71
Total interest-bearing deposits	763,272	1,386	0.37	688,719	1,327	0.39
Securities sold under repurchase agreement	20,212	37	0.37	17,425	35	0.41
FHLB advances	27,283	213	1.56	102,897	231	0.45
Total interest-bearing liabilities	810,767	1,636	0.41	809,041	1,593	0.40
Noninterest-bearing liabilities	269,599			229,221		
Total liabilities	1,080,366			1,038,262		
Shareholders equity	157,360			144,068		
Total liabilities and shareholders equity	$ 1,237,726			$ 1,182,330		
Net interest-earning assets	$ 320,698			$ 263,646		
Net interest spread (TE)		$ 25,257	4.37%		$ 24,913	4.58%
Net interest margin (TE)			4.49%			4.68%

(1) Nonperforming loans are included in the respective average loan balances, net of deferred fees, discounts and loans in process. Acquired loans were recorded at fair value upon acquisition and accrete interest income over the remaining lives of the respective loans.

(The following table displays the dollar amount of changes in interest income and interest expense for major components of interest-earning assets and interest-bearing liabilities. The table distinguishes between (i) changes attributable to volume (changes in average volume between periods times prior year rate), (ii) changes attributable to rate (changes in average rate between periods times prior year volume) and (iii) total increase (decrease).

	For the Three Months Ended June 30, 2015 Compared to 2014 Change Attributable To			For the Six Months Ended June 30, 2015 Compared to 2014 Change Attributable To		
(dollars in thousands)	**Rate**	**Volume**	**Total Increase (Decrease)**	**Rate**	**Volume**	**Total Increase (Decrease)**
Interest income:						
Loans receivable	$ (373)	$ 71	$ (302)	$ (1,044)	$ 1,619	$ 575
Investment securities (TE)	(48)	(20)	(68)	(165)	(44)	(209)
Other interest-earning assets	18		18	44	(23)	21
Total interest income	(403)	51	(352)	(1,165)	1,552	387
Interest expense:						
Savings, checking and money market accounts	(12)	45	33	(12)	99	87
Certificates of deposit	13	(50)	(37)	20	(48)	(28)
Securities sold under repurchase agreement	1	(1)		(4)	6	2
FHLB advances	(27)	16	(11)	(67)	49	(18)
Total interest expense	(25)	10	(15)	(63)	106	43
Increase (decrease) in net interest income	$ (378)	$ 41	$ (337)	$ (1,102)	$ 1,446	$ 344

Provision for Loan Losses For the quarter ended June 30, 2015, the Company recorded a provision for loan losses of $294,000, or 63.7% lower than the $811,000 recorded for the same period in 2014. For the six months ended June 30, 2015, the provision for loan losses totaled $833,000, a decrease of $123,000, or 12.9%, compared to the six months ended June 30, 2014. Net loan charge-offs amounted to $100,000 and $127,000, respectively, during the quarter and six-months ended June 30, 2015.

Table of Contents

As of June 30, 2015, the Company s ratio of allowance for loan losses to total loans was 0.92%, compared to 0.85% at December 31, 2014 and June 30, 2014. Our level of total non-performing assets and troubled debt restructurings showed continued improvements during the quarter and six months ended June 30, 2015. Our ratio of non-performing loans to total assets was 0.98% at June 30, 2015, compared to 1.91% at December 31, 2014. Excluding acquired loans, the ratio of allowance for loan losses to total loans was 1.09% at June 30, 2015, compared to 1.04% and 1.10% at December 31, 2014 and June 30, 2014, respectively.

Noninterest Income The Company s noninterest income was $2.0 million for the three months ended June 30, 2015, $213,000, or 9.5%, lower than the $2.3 million earned for the same period in 2014. Noninterest income was $4.1 million for the six months ended June 30, 2015, $209,000, or 5.4%, higher than the $3.9 million earned for the same period of 2014.

The decrease in noninterest income in the second quarter of 2015 compared to the second quarter of 2014 resulted primarily from decreases in gains on the sale of loans (down $171,000) and service fees and charges (down $22,000) as the result of lower activity during the quarter.

The increase in noninterest income for the six months ended June 30, 2015 compared to the six months ended June 30, 2014 resulted primarily from increases in bank card fees (up $178,000) and service fees and charges (up $74,000).

Noninterest Expense The Company s noninterest expense was $10.2 million for the three months ended June 30, 2015, $142,000, or 1.4%, lower than the $10.4 million recorded for the same period in 2014. Noninterest expense was $19.9 million for the six months ended June 30, 2015, $1.7 million, or 7.8% lower than the $21.6 million for the same period of 2014. Noninterest expense includes merger expenses related to the pending acquisition of Louisiana Bancorp of $256,000 for the three and six months ended June, 30, 2015 and Britton & Koontz of $331,000 and $2.3 million for the three and six months ended June 30, 2014, respectively. Excluding pre-tax merger-related expenses, noninterest expense decreased $67,000, or 0.7%, for the three months ended June 30, 2015 compared to the three months ended June 30, 2014. Excluding merger-related expenses, noninterest expense increased $350,000, or 1.8%, for the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

Income Taxes For the quarters ended June 30, 2015 and June 30, 2014, the Company incurred income tax expense of $1.4 million. The Company s effective tax rate was 33.7% and 34.0% during the second quarters of 2015 and 2014, respectively. For the six months ended June 30, 2015 and June 30, 2014, the Company incurred income tax expense of $2.9 million and $2.1 million, respectively. The Company s effective tax rate amounted to 33.8% and 32.9% during the six months ended June 30, 2015 and June 30, 2014, respectively. Differences between the effective tax rate and the statutory tax rate primarily relate to variances in items that are non-taxable or non-deductible (e.g., state tax, tax-exempt income, merger-related expenses, etc.).

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Quantitative and qualitative disclosures about market risk are presented in the Company s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2014, under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations Asset/ Liability Management and Market Risk . Additional information at June 30, 2015 is included herein under Item 2, Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Asset/Liability Management .

Item 4. Controls and Procedures.

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and regulations and are operating in an effective manner.

Table of Contents

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934) occurred during the first quarter of 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Not applicable.

Item 1A. Risk Factors.

There have been no material changes from the risk factors previously disclosed in the Company s Annual Report on Form 10-K for December 31, 2014 filed with the Securities and Exchange Commission.

Item 2. Unregistered Sales of Equity Securities and the Use of Proceeds.

The Company s purchases of its common stock made during the quarter consisted of stock repurchases under the Company s approved plan and are set forth in the following table.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plan or Programs[1]
April 1 - April 30, 2015	13,000	$ 21.65	13,000	84,250
May 1 May 31, 2015	36,200	22.27	32,854	71,250
June 1 June 30, 2015				38,396
Total	49,200	$ 22.11	45,854	38,396

(1) On June 7, 2013, the Company announced the commencement of a new stock repurchase program. Under the plan, the Company can repurchase up to 370,000 shares, or approximately 5% of its common stock outstanding, through open market or privately negotiated transactions.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

None.

Table of Contents

Item 6. Exhibits and Financial Statement Schedules.

No.	Description
31.1	Rule 13(a)-14(a) Certification of the Chief Executive Officer
31.2	Rule 13(a)-14(a) Certification of the Chief Financial Officer
32.0	Section 1350 Certification
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definitions Linkbase Document

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		HOME BANCORP, INC.
August 7, 2015	By:	/s/ John W. Bordelon John W. Bordelon *President, Chief Executive Officer and Director*
August 7, 2015	By:	/s/ Joseph B. Zanco Joseph B. Zanco *Executive Vice President and Chief Financial Officer*